

November 29, 2001

COMMUNITY SERVICE TELEPHONE COMPANY
Proposed Tariff Revision for Increase in Rates

ORDER APPROVING
STIPULATION

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

In this Order we approve a Stipulation among Community Service Telephone Company (CST), the Public Advocate (OPA) and Tenley Kent. The stipulation settles the revenue requirement portion of the pending rate case for CST and a calling area issue for the Mount Vernon exchange.

II. BACKGROUND AND DECISION

On April 6, 2001, Community Service Telephone Company filed a proposed rate change. The primary reason for the proposed decrease was the need for CST to reduce its access charges in compliance with the requirements of 35-A M.R.S.A. § 7101-B.

On October 19, 2001, CST, the Public Advocate and Tenley Kent filed a Stipulation to resolve the revenue requirement issues in the rate proceeding and an issue concerning the size of the calling area for the Mount Vernon exchange. We held a hearing on the Stipulation to ask questions about the amount of the proposed decrease in revenues and are satisfied that the Stipulation result is reasonable. Under the Stipulation, the Company will dedicate almost the entire amount of the decrease to reducing access charges part of the way to the levels of its interstate access charges filed as part of the NECA Tariff No. 5. The remainder of the decrease is used to increase the EAS calling area of the Mount Vernon exchange. The Stipulation does not propose to change basic service rates for residential and business customers. The Stipulation does state that the "parties are not in agreement with regard to any further reduction in intrastate switched access rates of CST or other rate design changes at this time," and that the "Commission is not precluded from conducting further investigation in another docket of the rate design of CST's rates for basic local service and intrastate switched access service..." We will determine whether we will conduct such an investigation at a future deliberation session.

As required by Part III.A of the Stipulation, within 90 days following the date of this Order, the Company will file a calculation of the "difference between CST's revenues and CST's revenue requirement during the interim period described in Part III(8) of the May 24 Stipulation filed in Docket No. 2000-806 (i.e., during the pendency of this rate case). The Company's statement should include a statement of the cost of capital it used in calculating the revenue requirement.

We also note that Part III.E of the Stipulation allows the Company to seek an increase to its rates if Verizon terminates payments to CST under the existing EAS settlement agreement. We are approving the proposed stipulation with the understanding that CST must seek Commission approval before it can implement any rate increase under this section of the Stipulation.

In approving a stipulation, we consider whether the parties joining the stipulation represent a sufficiently broad spectrum of interests, whether the process leading to the stipulation was fair and whether the stipulated result is reasonable and not contrary to legislative mandate. See e.g., *Consumers Maine Water Company, Proposed General Rate Increase of Rockland and Hartland Divisions*, Docket No. 96-739 (July 3, 1997) at 2. The Public Advocate represents the using and consuming public of Community Service Telephone Company. The OPA and Tenley Kent, the only other intervenor, have both jointed in the Stipulation.

We believe a fair process occurred, with all interested parties having an opportunity to participate. We also find that the proposed Stipulation adequately resolves the revenue requirement issues in this case. We will therefore allow the CST to implement the rates contained in the Stipulation.

Accordingly, we

O R D E R

1. That the Stipulation (attached to this Order) filed in Docket No.2001-249, filed on October 19, 2001 is approved and incorporated into this Order;
2. Approved Access Service Sheet 2, 3rd Revision, filed with the Stipulation, for effect on November 1, 2001;
3. That within 30 days of this Order, Community Service Telephone Company shall file rate pages that comply with Part III.C. of the Stipulation.

Dated at Augusta, Maine, this 29th day of November, 2001.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.